



AGENDA STAFF REPORT

Control: 26001909

MEETING DATE: 10/27/2026
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: County Executive Office
DEPARTMENT CONTACT PERSON(S): Kim Derrick, 714-834-2564
Sean Sonza, 714-834-2766

SUBJECT: Short and Long Term Disability and Income Protection Amendment

CEO CONCUR

COUNTY COUNSEL REVIEW

CLERK OF THE BOARD

Concur

Approve agreement to form

DISCUSSION

3 Votes Board Majority

Budgeted: Yes

Current Year Cost: \$293,752

Annual Cost:

FY27-28: \$587,504

FY28-29: \$308,440

Staffing Impact: No

Current Fiscal Year

Funding Source: ISF 298: 100%

Sole Source: No

Revenue: N/A

County Audit in Last 3 years: No

Levine Act Review

Completed? Yes

Prior Board Action: 9/9/2025 #26, 6/28/2022 #57

RECOMMENDED ACTION(S):

1. Authorize the County Procurement Officer or Deputized designee to execute Amendment Number Two to the Contract with Standard Insurance Company for Provision of Long-Term Disability Insurance Plan and Administration of Short-Term Disability Insurance Plan and Reserve Deputy Sheriff Disability Income Protection Plan to renew the Contract for an additional two-year period, estimated at \$1,189,696, effective January 1, 2027, through December 31, 2028, for a new total Contract amount estimated at \$3,248,174.
2. Authorize the County Procurement Officer or Deputized designee to enter into additional Amendments to the Contract if such Amendments are necessary for the County to comply with California or Federal law, regulations or guidance issued by a governmental regulatory agency.

SUMMARY:

Approval of Amendment Number Two to the Contract with Standard Insurance Company will support Standard Insurance Company's administration of the County's self-funded Short-Term Disability Insurance

Plan and Reserve Deputy Sheriff Disability Income Protection Plan and the provision of Long-Term Disability Insurance to eligible employees.

BACKGROUND INFORMATION:

The County contracts with Standard Insurance Company (Standard) to provide Short-Term Disability (STD) and Long-Term Disability (LTD) benefits to help protect covered employees’ income if an injury or illness prevents them from working for an extended period of time. As defined by various County Memorandum of Understandings (MOUs), covered employees include full-time employees within the Administrative Management, Executive Management, Law Management, Court Attorney, County Attorney and Craft & Plant Units. The self-insured STD Plan provides eligible employees with up to 60 percent of covered earnings when they become disabled, with a maximum benefit period of one year. After the maximum benefit period, covered employees may also be eligible for long-term disability benefits to continue their 60 percent salary continuance pay. Should that occur, the Standard would coordinate the transition of the STD claim to the fully insured LTD insurance.

The Standard also provides a self-insured Disability Insurance Protection Plan to individuals appointed as Reserve Deputy Sheriffs if injuries, which are sustained while performing assigned duties as a Reserve Deputy Sheriff, result in a total or partial disability.

Services include reviewing and processing claims, determining eligible benefit amounts, issuing benefit checks, issuing annual W-2s to claimants, providing customer service to claimants, and producing activity and analysis reports as required by the County. It is estimated that Standard will pay approximately \$1,299,801 in employee claims in 2027 and \$1,338,795 in 2028. The Standard is reimbursed for the claims they pay to employees by the County under this Contract.

Standard is an Oregon based company that has over 100 years of experience and is ranked as one of the largest underwriters of group life and disability coverage in the United States, insuring over five million people for STD and LTD. Standard has over 60 years of experience in the public sector and currently insures over 5,380 public sector employers, accounting for forty three percent of their overall business.

This Contract does not currently include subcontractors or pass through to other providers. See Attachment B for Contract Summary Form.

An analysis was completed to verify the contract provides County with persons specially trained, experienced, expert and competent to perform the special services in accordance with the law.

The Contractor's performance has been confirmed as satisfactory. Human Resource Services has verified there are no concerns that must be addressed with respect to Contractor's ownership/name, litigation status or conflicts with County interests. The Orange County Preference Policy is not applicable to this contract renewal.

The below additional actions related to the Contract were executed pursuant to appropriate authorities.

Table 1: Prior Actions related to the Contract

Board Date	Contract / Amendment	Action	Term	Amount
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June 28, 2022	Contract	Board Approved Contract	January 1, 2023 – December 31, 2025	\$1,350,000
September 9, 2025	Amendment No. 1	Board Approved Amendment No. 1	January 1, 2026 – December 31, 2026	\$2,058,478

Rationale to Extend Contract for Two Years for a Total of 6 Years

Human Resource Services (HRS) is proposing a two-year contract extension beyond the current contract term to align benefits administration with the implementation of the County's new Enterprise Resource Planning (ERP) system. This extension will minimize disruption of benefits and services to employees including but not limited to those applying for or currently receiving disability benefits.

The new ERP system implementation is in progress, and the Deloitte ERP team is currently working with the County, our Benefits third party administrator, Alight, and the Standard to integrate STD/LTD data into the new ERP system. The integration of the STD/LTD data into the ERP system is a new feature for HRS and an important new service that will improve disability and leave management processes. Potentially changing the disability administrator would disrupt and delay this STD/LTD data integration and would also put the ERP implementation itself at high risk. Additionally, running a Request for Proposal (RFP) and selecting a new disability administration vendor already has its own risks. For example, transitioning STD claims and payments when switching vendors will cause employee disruption. This service disruption would only be increased during a major systems (ERP) transition. The Deloitte ERP implementation team and the Alight benefits administrator strongly advise against vendor changes during ERP implementation.

Extending the Standard contract for a sixth year before issuing a STD/LTD administrator Request for Proposal (RFP) allows the ERP implementation to stabilize and helps ensure continuity of disability benefits administration during a significant systems transition, thereby reducing risk and cost to the County. The Standard has also confirmed experience and familiarity with Deloitte's ERP system (Oracle). As part of the proposed extension, the Standard has agreed to extend at current rates, and the delayed RFP will further defer expenses within the current budget.

This extension supports ERP success, reduces vendor transition risk, and minimizes employee disruption for benefits administration including disability and leave management.

Performance Guarantees:

Included with the contract are Performance Guarantees (PGs), which set minimum standards for services provided under the Contract while also assisting the County in measuring the performance of the Standard.

The 2024 and 2025 PG results are shown in Attachment C. For calendar year 2024, Standard met or exceeded 10 of the 10 PG measurements, or 100% of the measures. For calendar year 2025, Standard met or exceeded 10 of the 10 PG measurements, or 100% of the measures. PGs for Contract year 2026 are the

same as prior years and are not yet available; however, Human Resource Services (HRS) is satisfied with Standard's current performance. There are zero penalties for 2024 and 2025.

Prior to contract expiration, HRS plans to issue a Request for Proposal (RFP) to continue services starting January 1, 2029.

FINANCIAL IMPACT:

Appropriations for this Contract are included in Fund 298 FY 2026-27 Budget and will be included in the budgeting process for future years.

The estimated FY 2027-28 cost is \$587,504 with \$538,170 in LTD premiums and \$49,334 in STD administrative fees. The estimated FY 2028-29 cost is \$308,440 with \$282,539 in LTD premiums and \$25,901 in STD administrative fees.

The estimated annual cost of LTD premiums for 2027 and 2028 are \$538,171 and \$551,624. The estimated annual cost of STD administrative fees for 2027 and 2028 are \$49,333 and \$50,568, respectively. The actual amounts will vary based on enrollment and utilization.

This Contract is contingent upon funding by the County during the term of this Contract. If such funding is not approved, this Contract will be immediately terminated without penalty to the County.

The Standard pays the STD approved employee claims directly and the County will reimburse Standard for the benefit paid to the employee. The Standard issues the tax forms for the benefit payments.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - Amendment Two to Contract MA-017-22011668 with Standard Insurance Company

Attachment B - Contract Summary Form

Attachment C - Standard Insurance Company Performance Guarantees for Calendar Year 2024 and 2025